

Lesson Plan

Health Insurance - Now That I Have It, What Additional Costs Will I Incur?

Submitted by Marcia Allen, Murphysboro High School, Murphysboro, Illinois. Ms. Allen is a 2002 graduate of the Insurance Education Foundation (IEF) Insurance Education Institute at Illinois State University, Normal, Illinois.

For more information on the Insurance Education Foundation, access the following website: <http://www.ief.org>

Subject: Consumer Economics

Grade Level: 11 - 12

Length: One Class Period

Objective: Students will be able to apply their knowledge of health insurance definitions by taking scenarios and determining the cost to the consumer and the cost to the insurance company.

Materials: Student - pen or pencil, page of scenarios and worksheets
Teacher - Copies of scenarios, transparency, overhead projector

Background: Students will have completed health insurance vocabulary assignments found in most textbooks.

Activities: The teacher will present an example of how deductibles, co-insurance, stop loss points, limits of policy, and exclusions are applied in a health insurance problem.

Show-Me Standards:

For more information access the MO Department of Elementary and Secondary Education website at: <http://www.dese.mo.gov/standards>

Knowledge Standards: Communication Arts (1, 2, 6); Health/Phys Ed. (6); Mathematics (1, 3); Science (8); Social Studies (4)

Performance Standards: 1-5, 1-8, 1-10, 2-3, 2-7, 3-1, 3-2, 3-4, 3-5, 3-6, 3-7, 3-8, 4-1, 4-5, 4-6

Jim has the following health insurance policy:

\$250 deductible

80/20 co-insurance

\$2,000 stop loss limit

(Stop Loss - amount to which co-insurance is applied.)

\$1,000,000 limit of policy

Sample Scenario:

Jim had a skate boarding accident and the bill was \$40,250.

How much did Jim pay?

How much did the insurance company pay?



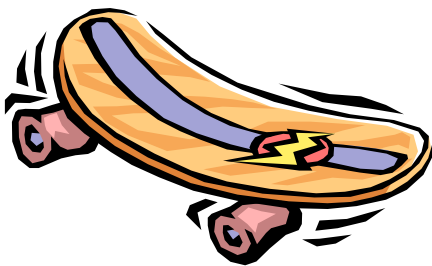
First . . . break it down

$$\begin{array}{rcl} \$40,250 & \text{Cost of Accident} & \\ - & 250 & \text{Deductible} \\ \hline \$40,000 & & \\ - & 2,000 & \text{Stop Loss Point} \\ \hline \$38,000 & & \end{array}$$



$$\begin{array}{rcl} \$2,000 & \text{Stop Loss Point} & \\ \times & 0.20 & \text{Consumer's \%} \\ \hline \$400 & & \end{array}$$

$$\begin{array}{rcl} \$2,000 & \text{Stop Loss Point} & \\ \times & 0.80 & \text{Insurance Co.'s \%} \\ \hline \$1,600 & & \end{array}$$



So . . . How much does Jim pay?



\$250
\$400
<hr/> \$0
\$650

Deductible
Co-Insurance
Stop Loss point met
Total

And . . . How much does the Insurance Co. pay?



\$0
\$1,600
<hr/> \$38,000
\$39,600



<p>Case #1</p> <p>Manuel has the following health insurance:</p> <p><i>Hometown Pride Insurance Co.</i></p> <p>Includes:</p> <ul style="list-style-type: none"> ● Basic health insurance (hospitalization, surgical, outpatient coverage, also known as physician expense) ● Major Medical Insurance with prescription coverage. <p>Excludes:</p> <ul style="list-style-type: none"> ● Vision and dental <p>Insurance includes a \$500 deductible, 80/20 co-insurance, \$2,500 stop loss point, and a million dollar maximum.</p>	<p>Case #2</p> <p>Tenisha has the following health insurance:</p> <p><i>Dazzler Insurance Company</i></p> <p>Includes:</p> <ul style="list-style-type: none"> ● Basic health insurance ● Major medical insurance with prescription coverage ● Dental policy that covers two cleanings per year ● Vision coverage that covers one eye exam and 75% for glasses or contact lenses. <p>The basic health and major medical insurance includes a \$250 deductible, 80/20 co-insurance, up to \$500 preventive care paid at regular rate (no preventative care coverage over \$500), \$1,000 stop loss point, and a million dollar maximum.</p>	<p>Case #3</p> <p>Greta has the following health insurance:</p> <p><i>Crimson and Corn Insurance Co.</i></p> <p>Includes:</p> <ul style="list-style-type: none"> ● Basic health insurance ● Major medical insurance with a prescription card (\$15 generic \$25 brand name) <p>Excludes:</p> <ul style="list-style-type: none"> ● Vision and dental <p>Insurance includes a \$1,000 deductible, 70/30 co-insurance, preventive care paid up to \$250 at 100% with no co-insurance or deductible applied (no preventive care coverage over \$250), \$5,000 stop loss point, and a half million dollar maximum.</p>
<p>Manuel had the following bills throughout the year:</p> <p>January: Office visit for sore throat (\$40); prescription, brand name (\$50)</p> <p>April: Office visit and allergy shot (\$60)</p> <p>May: Annual eye exam, replace broken eye glasses (\$250)</p> <p>June: Teeth cleaned (\$48)</p> <p>July: Broken arm - x-rays, surgeon's fee cast, etc. (\$4,000)</p> <p>December: Teeth cleaned (\$48)</p>	<p>Tenisha had the following bills through the year:</p> <p>January: Teeth cleaned (\$48)</p> <p>March: Annual physical and office visit (\$300)</p> <p>June: Appendectomy (\$5,000)</p> <p>July: Teeth cleaned (\$48)</p> <p>August: Eye exam (\$50) and new glasses (\$200)</p> <p>September: Office visit (\$40)</p>	<p>Greta had the following bills throughout the year:</p> <p>February: Teeth cleaned (\$48)</p> <p>April: Annual physical and office visit (\$250)</p> <p>May: Office visit (\$40)</p> <p>June: Major skiing accident, hospitalized with intensive care, etc. (\$300,000)</p> <p>September: Teeth cleaned (\$48)</p> <p>October: Vision check and new contact lenses (\$200)</p> <p>November: Sore throat, office visit (\$40); prescription, generic (\$35)</p>



Determine what each person, and each insurance company will pay!



ANSWER KEY:

<div>Case #1 Calculation Space:</div> <table><tr><td>Office visit (sore throat)</td><td>\$40</td></tr><tr><td>Prescription</td><td>\$50</td></tr><tr><td>Office visit (allergy shot)</td><td>\$60</td></tr><tr><td>Broken Arm</td><td>\$4,000</td></tr><tr><td>Total covered expenses</td><td>\$4,150</td></tr><tr><td>Deductible</td><td>- \$500</td></tr><tr><td></td><td>\$3,650</td></tr><tr><td>Stop Loss point</td><td>- \$2,500</td></tr><tr><td></td><td>\$1,150</td></tr></table>	Office visit (sore throat)	\$40	Prescription	\$50	Office visit (allergy shot)	\$60	Broken Arm	\$4,000	Total covered expenses	\$4,150	Deductible	- \$500		\$3,650	Stop Loss point	- \$2,500		\$1,150	<div>Manuel Pays:</div> <div>\$500 for deductible</div> <div>\$500 for co-insurance (20% of Stop Loss Amount)</div> <div>\$96 for dental (not a covered expense)</div> <div>\$250 for vision (not a covered expense)</div> <div>Total:</div> <div>\$1,346</div>	<div>Hometown Pride Ins. Co. Pays:</div> <div>\$2,000 for co-insurance (80% of Stop Loss Amount)</div> <div>\$1,150 Stop Loss Point met</div> <div>Total:</div> <div>\$3,150</div>
Office visit (sore throat)	\$40																			
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<div>Case #2 Calculation Space:</div> <table><tr><td>Physical</td><td>\$300</td></tr><tr><td>Appendectomy</td><td>\$5,000</td></tr><tr><td>Office visit</td><td>\$40</td></tr><tr><td>Total Medical Expenses</td><td>\$5,340</td></tr><tr><td>Deductible</td><td>- \$250</td></tr><tr><td></td><td>\$5,090</td></tr><tr><td>Stop Loss Point</td><td>- \$1,000</td></tr><tr><td></td><td>\$4,090</td></tr></table> <div>2 Teeth cleanings covered at 100%</div> <div>\$96</div> <div>Eye exam covered at 100%</div> <div>\$50</div> <div>New glasses covered at 75%</div> <div>x</div> <div>\$200</div> <div>0.75</div> <div>\$150</div>	Physical	\$300	Appendectomy	\$5,000	Office visit	\$40	Total Medical Expenses	\$5,340	Deductible	- \$250		\$5,090	Stop Loss Point	- \$1,000		\$4,090	<div>Tenisha Pays:</div> <div>\$250 for Deductible</div> <div>\$200 for co-insurance (20% of Stop Loss Amount)</div> <div>\$50 (25% of new glasses)</div> <div>Total:</div> <div>\$500</div>	<div>Dazzler Insurance Pays:</div> <div>\$800 (80% of Stop Loss Amount)</div> <div>\$4,090 Stop Loss Point met</div> <div>\$96 for Dental</div> <div>\$50 for Eye Exam</div> <div>\$150 (75% of new glasses)</div> <div>Total:</div> <div>\$5,186</div>		
Physical	\$300																			
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<div>Case #3 Calculation Space:</div> <table><tr><td>Office visit</td><td>\$40</td></tr><tr><td>Accident</td><td>\$300,000</td></tr><tr><td>Office visit</td><td>\$40</td></tr><tr><td>Total Medical Expenses</td><td>\$300,080</td></tr><tr><td>Deductible</td><td>- \$1,000</td></tr><tr><td></td><td>\$299,080</td></tr><tr><td>Stop Loss Point</td><td>- \$5,000</td></tr><tr><td></td><td>\$294,080</td></tr></table>	Office visit	\$40	Accident	\$300,000	Office visit	\$40	Total Medical Expenses	\$300,080	Deductible	- \$1,000		\$299,080	Stop Loss Point	- \$5,000		\$294,080	<div>Greta Pays:</div> <div>\$1,000 for deductible</div> <div>\$1,500 for co-insurance (30% of Stop Loss Amount)</div> <div>\$96 for dental (not a covered expense)</div> <div>\$200 for vision check and contact lenses (not a covered expense)</div> <div>\$15 for generic prescription co-pay</div> <div>Total: \$2,811</div>	<div>Crimson and Corn Insurance Pays:</div> <div>\$3,500 (70% of Stop Loss Amount)</div> <div>\$294,080 Stop Loss Point met</div> <div>\$20 for generic prescription co-pay</div> <div>\$250 for Annual Physical</div> <div>Total:</div> <div>\$297,850</div>		
Office visit	\$40																			
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Missouri Department of Insurance
Insurance Education Initiative
Teen Worksheets and Lesson plans - Educator Survey

PLEASE MAIL TO:
Missouri Department of Insurance
PO Box 690
Jefferson City, MO 65102-0690

<http://insurance.mo.gov>
800-726-7390

The Missouri Department of Insurance supports the use of educational insurance programs for Missouri youth. Teaching teens & young adults the importance of insurance coverage will further prepare them for life's journey. MDI realizes that one of the best ways to teach teens about insurance is in the classroom. Please provide your feedback to for the insurance educational material used in your classroom.

Your Name _____

Name of your school _____

Subject or Class and Grade Level with which you used this material _____

Email and/or phone number _____

Check all that apply:

MDI Lesson Plan used

- ☐ Health Insurance Lesson Plan
- ☐ Auto Insurance Lesson Plan
- ☐ Renters Insurance Lesson Plan

Supplemental MDI classroom material used

- ☐ Teen Insurance Crossword Puzzle
- ☐ Teen Insurance Word Search
- ☐ Teen *Renters* Ins Crossword Puzzle
- ☐ Teen *Renters* Ins Word Search

What are the other insurance educational materials you use in your classroom?

Examples of other insurance material may be M.I.E.F.'s CD or DESE's Family/Consumer Resource Management [#40-3109-I]

Did you use any MDI Teens worksheets (General, Auto, Health, Renters) in your classroom, other than the one included with your lesson plan?

- ☐ Yes
- ☐ No

Please rate the educational value of the MDI material used in your classroom.

- ☐ **1** (High)
- ☐ **2**
- ☐ **3**
- ☐ **4**
- ☐ **5** (Low)

How did your students react to the lessons taught?

- ☐ Excellent
- ☐ Good
- ☐ Poor

Additional comments or recommendations:

Thank you for your input about the MDI Insurance Education Initiative.

For more information contact us at 1-800-726-7390 or email us by going to insurance.mo.gov then Ask MDI then Teen info

The MDI Teen worksheets can be found at <http://insurance.mo.gov/consumer/teens>